

The VICE-CHAIRMAN: May I just make a report to you gentlemen. It is proposed to issue a copy of the general report of last January to each member of the steering committee, who in turn would place it at the disposal of the members of his body or group, and if a second copy is required I would be pleased to try and procure that and place it at your disposal. There will also be copies of the audited reports, as mentioned by Mr. Stewart.

Mr. SMITH: I have a suggestion to make. Perhaps I speak from ignorance which may be abysmal but I would like Doctor Coleman to tell us how the department operates by taking a typical case and tracing it through. It would be of assistance to those of us who are not familiar with the subject. Let us assume, that in Calgary, for instance, the A.B.C. company gets off the rails. I want to get some idea, a practical idea, of what happens in dealing with that company. I am sure I do not know and I think many of the members of the committee are perhaps in the same situation. That would only take a minute and if the Doctor did it I think we would have a more practical approach to the problem.

The WITNESS: If I may, Mr. Chairman, deal first with the point raised by Mr. Smith. I think if you look at clause No. 8, regulation number 8 on page 6 of the schedule, you will see, "Where it appears to the secretary of state— (a) that there is reasonable ground for suspecting that an offence under any of these regulations has been committed by any person;" (f) "that an enemy has an interest in any property; the secretary of state, if he thinks it expedient for the purpose of satisfying himself that the person, firm or company is not trading with the enemy, may in writing appoint an inspector to inspect the affairs of the person, firm or company or the administration of the property; and the secretary of state may appoint an inspector to inspect any business to ascertain (i) whether the business is carried on for the benefit of or under the control of an enemy or enemy subject; or (ii) the relations existing or which have, either before or after the commencement of the present war, existed between a person interested in the business and an enemy or enemy subject."

As you see there is the power enabling the secretary of state to appoint an inspector who takes over all the files and documents.

Now that has been done in a reasonably large number of cases and if it were ascertained, I think it only happened in one or two cases, that there had been any transactions with the enemy after the regulation came into force there would be a prosecution. If it appeared that the business was entirely owned by the enemy it was vested in the custodian and he would either take steps to liquidate it, employ a comptroller for that purpose—it might or might not be but in most cases it would be the inspector—and proceed to realize it as profitably as he could and the proceeds would then be placed to the credit of the custodian. That would be in the case of enemy property.

Mr. SMITH: He goes right in and takes physical possession.

The WITNESS: Yes.

Mr. SMITH: That is what I had in mind.

The WITNESS: Now, if I might deal with other points raised by other committee members. Mr. Burton, I think, first asked what property was under control. That was in the report which was tabled in the House as of December 31, 1946 on pages 12 and 13. Now the belligerent enemies—Austria, Bulgaria, Finland, Germany, Hungary, Rumania—there was upward of \$20,000,000. The property of persons in occupied countries aggregates about \$218,000,000 and the doubtfuls another \$13,000,000 make a total of \$243,000,000. A great deal of this was represented by securities which were owned by the people, particularly those in the occupied countries, and at present value or market quotation would be worth an estimated \$320,000,000.